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**Y 1603**

M.B.A. DEGREE EXAMINATION, AUGUST/SEPTEMBER 2008.

First Semester

DBA 1603 — ECONOMIC FOUNDATIONS OF BUSINESS ENVIRONMENT

Time : Three hours

Maximum : 100 marks

Answer ALL questions.

PART A — (10 × 2 = 20 marks)

1. What is Macroeconomics?
2. State the meaning of Balance of Payment (BOP).
3. What is accelerator model?
4. List out the phases of business cycle.
5. What do you understand by precautionary demand for money?
6. What is meant by money market equilibrium?
7. State the meaning of Inflation.
8. What are the types of unemployment?
9. Write a short note on 'Foreign Trade Policy'.
10. What do you understand by International trade multiplier?

PART B — (5 × 16 = 80 marks)

11. (a) (i) What are the determinants of investment? Briefly explain. (6)  
(ii) How do you determine income and employment with saving and investment? (10)

Or

- (b) Describe the objectives of economic planning. State the achievements of economic planning in India. (8 + 8 = 16)

12. (a) (i) Explain how national income can be increased. (8)
- (ii) Suppose in an economy, autonomous investment (I) is Ru. 600 crores and the following consumption function is given :  
 $C = 200 + 0.8 Y$ . Given the above find out the equilibrium level of income. (8)

Or

- (b) (i) Does Keynesian multiplier work in the developing country like India? Justify your answer. (8)
- (ii) State and explain the role of fiscal policy for the development of business. (3 + 5 = 8)
13. (a) Illustrate the role of money supply in economic development of the developing countries. (16)

Or

- (b) (i) What are the factors, the RBI use for determining money supply? (7)
- (ii) What is monetary policy? State its objectives in Indian perspective. (3 + 6 = 9)

14. (a) Describe the measures to control inflation. (16)

Or

- (b) (i) Explain the causes of unemployment in developing countries. (8)
- (ii) Why does IS curve slope downward? Explain. (8)
15. (a) What are the various gains that encourage free trade? Explain them in detail. Why various countries put up various barriers to free trade despite of these gains from free trade? (8 + 8 = 16)

Or

- (b) Critically evaluate India's trade policy since 1991 in relation with import liberalization and export orientation. (16)